

Message Text

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E.O. 11652: GDS

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SUBJECT: INDIA'S FOREIGN POLICY

SUMMARY: THIS COUNTRY IS IN TROUBLE. THE CRUDE OIL
CRISIS HIT ON TOP OF A GRAIN PINCH, A SLUGGISH ECONOMY,
AND RISING DOMESTIC POLITICAL PRESSURES. WE FORESEE AN
INDIA LESS CONFIDENT, LESS POTENTIALLY INFLUENTIAL, AND
MORE FRUSTRATED IN THE CONDUCT OF ITS FOREIGN AFFAIRS THAN
MIGHT HAVE BEEN EXPECTED, SAY, AFTER THE BANGLADESH WAR
AND IN TERMS OF THE RHETORIC OF EARLIER YEARS. A KEY
PROBLEM AS INDIA FOCUSES ON THE COMPETITION FOR BARE
ESSENTIALS IS ITS INCREASING ISOLATION AND LACK OF
LEVERAGE IN THE EMERGING FRAMEWORK OF WORLD AFFAIRS. THE
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NEW MILITARY POTENTIAL OF PERSIAN GULF COUNTRIES IS SEEN

AS A SPECIAL THREAT. WEST ASIA WILL BE A MAJOR PRE-OCCUPATION OF INDIAN POLICY: EAST AND SOUTHEAST WILL NOT. IN SOUTH ASIA, TO WHICH INDIA'S ABILITY TO PROJECT MILITARY POWER WILL BE LIMITED, INDIA WILL BE A CAUSTIOUS SUPPORTER OF THE STATUS QUO, INTERESTED IN THE STABILITY AND INTEGRITY OF ITS NEIGHBORS. IT WILL REMAIN CONCERNED OVER CHINESE INFLUENCE AND ANXIOUS TO RETAIN SOVIET SUPPORT. END SUMMARY.

1. INDIA'S ECONOMIC DIFFICULTIES ARE GOING TO BEAR INCREASINGLY ON THE STYLE AND FOCUS OF ITS FOREIGN POLICY. IT SEEMS TO US THAT TO SOME DEGREE THE MILITARY AND DIPLOMATIC SUCCESS OF THE BANGLADESH WAR OBSCURED INDIA'S UNDERLYING PROBLEMS AND LIMITATIONS. THE WAR COINCIDED WITH A PERIOD OF DOMESTIC POLITICAL CONSOLIDATION, INDUSTRIAL PROGRESS, AND AGRICULTURAL SUFFICIENCY--THE PEAK OF THE GREEN REVOLUTION. THE SUCCESSES OF 1971 RAISED EXPECTATIONS BOTH HERE AND ABROAD THAT INDIA WOULD BE A STRONGER REGIONAL POWER AND A MORE INFLUENTIAL VOICE IN WORLD AFFAIRS.

2. INDIA'S CONFIDENCE HAS BEEN SHAKEN AND ITS VISIONS TRIMMED BY RENEWED AWARENESS OF SCARCITY AND ECONOMIC DEBILITY. THE PINCH STARTED AT HOME WITH DROUGHT IN 1972 AND INDUSTRIAL STAGNATION. THEN A CHANGED INTERNATIONAL MARKET HIT INDIA FIRST WITH EXPENSIVE GRAIN AND NEXT WITH AN OIL CRISIS. HERE, AS ELSEWHERE, THE ULTIMATE IMPLICATIONS OF THE ENERGY CRISIS ARE NOT YET APPARENT. INCREASINGLY, HOWEVER, THE PREOCCUPATION OF POLICY IS HOW TO COMPETE FROM A HIGHLY DISADVANTAGED POSITION FOR THE BARE ESSENTIALS. AS A FUNCTION OF ECONOMIC WEAKNESS, RISING DOMESTIC POLITICAL PRESSURES, AND THE MOMENTUM OF EARLIER HABITS, INDIAN FOREIGN POLICY WILL CONTINUE FREQUENTLY TO EVIDENCE POSTURING AND ATTITUDINIZING RATHER THAN HARD ANALYTICAL JUDGMENTS.

3. INDIA'S ECONOMIC PROBLEMS IN THE NEW WORLD MARKET UNDERCUT ITS CAPACITY TO BE A RELATIVELY MORE SIGNIFICANT AUTONOMOUS POWER CENTER. ITS ABILITY TO PROJECT MILITARY POWER BEYOND ITS IMMEDIATE REGION IS UNLIKELY TO GROW--
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UNLESS IT GOES NUCLEAR, AND WE BELIEVE PREOCCUPATION WITH ECONOMIC PROBLEMS MARGINALLY REINFORCES THE CURRENT DISINCLINATION TO DO SO. IN THE SHORT RUN, MILITARY PRIORITIES AND ALLOCATIONS WILL REMAIN INTACT AND EXISTING CAPABILITIES WILL NOT BE UNDERCUT. BUT A GOVERNMENT CONCERNED WITH THE FRAGILITY OF DOMESTIC ORDER AND A PRECARIOUS ECONOMY WILL BE ANXIOUS TO AVOID ANY REGIONAL CONFLICT.

4. ONE OF THE MAJOR DIFFICULTIES FOR INDIA IN DEALING WITH ITS PROBLEMS IS ITS ISOLATION IN THE CURRENT INTERNATIONAL ARENA. INDIA IS OUTSIDE THE STREAM OF WESTERN DIALOGUE. IT IS NOT PART OF SOVIET GROUP OR COMMUNIST CONSULTATIONS. ISOLATED BY GEOGRAPHY AND CULTURE, IT IS BEYOND THE FRINGE OF ASIAN-PACIFIC ASSOCIATIONS AND IEP EXCLUDED FROM ARAB-MUSLIM ACTIVITIES. OUTSIZED AND MISTRUSTED, INDIA FINDS WITHIN SOUTH ASIA NEITHER THE SOLIDARITY NOR THE NUMBERS THAT MAKE OTHER REGIONS SIGNIFICANT IN INTERNATIONAL COUNCILS.

5. INDIA THUS TURNS TO LARGER, SOFTER FORUMS SUCH AS THE NON-ALIGNED CONFERENCE AND THE "GROUP OF 77". BUT AMONG THE NON-ALIGNED, INDIA'S VOICE HAS BEEN INCREASINGLY INCIDENTAL TO THE DIRECTION IMPARTED BY THE AFRO-ARAB ACTIVISTS. WHILE INDIA MIGHT HAVE A POTENTIAL NEW ROLE AS SPOKESMAN FOR THE OIL-IMPORTING NON-ALIGNED, IT HAS NOT YET EXERCISED SUCH LEADERSHIP AND APPEARS RELUCTANT TO BECOME A LEADER--AND A TARGET. EXCEPT FOR A FEW OLD FRIENDS LIKE TITO, HEADS OF GOVERNMENT NO LONGER APPEAR TO LOOK TO INDIA IN THE ROLE IT ONCE SET UP FOR ITSELF--A NON-ALIGNED LEADER WITH SOME AUTHORITY AND POTENTIAL. THE MORAL SUASION IS GONE. DETENTE HAS ELIMINATED OPPORTUNITIES FOR MANEUVER AND MEDIATION. HIGH-LEVEL VISITORS STILL COME TO NEW DELHI, BUT THEIR VISTS SEEM INCREASINGLY EMPTY OF CONTENT EXCEPT FOR THOSE FROM NEIGHBORING COUNTRIES. IN SUM, BEYOND SOUTH ASIA, GOVERNMENTS GIVE INDIA LITTLE CONSIDERATION IN MAKING THEIR PLANS.

6. INDIA WAS FORTUNATE TO HAVE CONSOLIDATED ITS REGIONAL CONFIDENTIAL

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PREEMINENCE BEFORE THE CURRENT ECONOMIC CRISIS. A MAJOR FOREIGN POLICY OBJECTIVE WILL BE TO PRESERVE IT. MORE THAN EVER BEFORE, PERHAPS, INDIA HAS REASON TO BE A STATUS QUO POWER IN THE REGION. IT WILL REMAIN INVOLVED IN TICKLISH HOUSEKEEPING PROBLEMS WITH ALL OF ITS NEIGHBORS THAT CAN EASILY BRUISE SENSIBILITIES AND AROUSE SUSPICIONS. WITH PAKISTAN, INDIA WILL SEEK A GRADUAL IMPROVEMENT IN RELATIONS--ALTHOUGH NEITHER INDIAN OFFICIALS NOR WE ARE SANGUINE ABOUT THE PROSPECTS FOR SUBSTANTIAL COOPERATION. WITH BANGLADESH, INDIA HOPES TO REMAIN THE MAJOR POLITICAL AND ECONOMIC PARTNER BUT IS UNCERTAIN IT WILL. WITH REGARD TO ALL ITS IMMEDIATE NEIGHBORS, INDIA WILL BE INTERESTED IN STABILITY AND INTEGRITY--AND INTENSELY CONCERNED ABOUT THEIR RELATIONS WITH CHINA. WE EXPECT NO MAJOR INITIATIVES UNLESS

INTERNAL DISRUPTIONS OR CHINESE INFLUENCE POSE AN IMMEDIATE THREAT TO INDIA. INDIA DOES NOT EXPECT THE LATTER CONTINGENCY TO ARISE BUT IS WARY AND SENSITIVE TO THE POTENTIAL. SOME INDIAN POLICY-MAKERS LOOK TOWARD A MORE CONSOLIDATED AND CLOSER SOUTH ASIAN ENTENTE WHICH WOULD STRENGTHEN THE ECONOMIC AND POLITICAL VOICE OF THE ENTIRE REGION. THE GROUPING WOULD INCLUDE ALL INDIA'S NEIGHBORS WITH INDIA AS THE CENTERPIECE. IT IS A GOAL WHICH HAS CONSIDERABLE MERIT IN EVERY RESPECT EXCEPT THE ENORMOUS UNLIKELIHOOD THAT THE OTHER SOUTH ASIAN COUNTRIES WOULD BE INTERESTED.

7. INDIA MAY BE THE COUNTRY MOST AFRAID OF THE NEW MILITARY POTENTIAL OF PERSIAN GULF COUNTRIES. IN THIS RESPECT, THE IMPLICATIONS OF THE NEW COST OF CRUDE IS A DOUBLE JOLT. INDIA SEES THE WEAPONS PILING UP AROUND THE GULF AS INHERENTLY DESTABILIZING AND A DIRECT THREAT THROUGH TRANSFER TO PAKISTAN--IN TIME OF WAR, IF NOT BEFORE. THE GULF SHEIKHDOMS DENY THIS, AND INDIA'S RELUCTANCE TO ANTAGONIZE THE ARABS MAKES IT LOATH TO CHALLENGE SUCH ASSURANCES EVEN THOUGH IT DOES NOT BELIEVE THEM. INDIA SEES A NEW AND COMPETITIVE CONCENTRATION OF POWER IN THE PERSIAN GULF REGION--ONE WHERE IT COMPETES AT A DIS-ADVANTAGE WITH PAKISTAN FOR INFLUENCE AND ONE THAT IS BOUND TO TAKE PRIORITY OVER INDIA IN THE CALCULATIONS OF THE INDUSTRIALIZED AND MAJOR POWERS.
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8. THERE IS A SENSE OF FRUSTRATION THAT SUPPORT FOR THE ARAB CAUSE HAS NEVER BROUGHT JUST REWARD--AND THAT THERE IS NO ALTERNATIVE TO CONTINUING THIS POLICY OR THINGS MIGHT BE EVEN WORSE. INDIA WATCHED WARILY A
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